

COUNTY OF YORK

MEMORANDUM

DATE: July 5, 2000 (BOS Mtg. 7/18/00)

TO: York County Board of Supervisors

FROM: Daniel M. Stuck, County Administrator

SUBJECT: Appropriation of Impact Aid Receipts

During Fiscal Year 2000 the federal Department of Education closed the Impact Aid accounts for several years and made final payment to eligible school divisions. The County School Division received approximately \$804,177 more than the \$5.4 million of Impact Aid budgeted for Fiscal Year 2000. These federal funds were expended for Fiscal Year 2000 school operations, resulting in a local fund balance of approximately \$804,177 greater than would otherwise have been generated.

In Fiscal Year 1997, the Board of Supervisors and School Board entered into an agreement to establish a reserve fund to be used for the purpose of providing a higher degree of certainty in budgeting for school operations and to provide additional lead time for expenditure planning should significant shortfalls occur in Impact Aid receipts. The agreement provides for any excess of Impact Aid over the amount budgeted to be spent in the current year and for an equal amount of local funds to be transferred to the reserve or to be used for other purposes as may be mutually agreed by the Board of Supervisors and the School Board.

By way of a letter from the Chairman (copy attached), the School Board has requested that the entire balance of local funds equal to the excess Impact Aid received in Fiscal Year 2000 be transferred to the School Construction Fund. The letter also included a request that these funds be designated for the Bruton High School Renovation Project. The Capital Improvement Plan (CIP) includes a total of \$9.4 million for this project. Design is scheduled for Fiscal Year 2002 and estimated to cost \$400,000. The renovation work is scheduled to begin in Fiscal Year 2003 and is expected to cost approximately \$9 million. The current CIP anticipates that the County will provide \$7.2 million for this project and that the School Division will provide the balance or reduce the scope of the project.

Over the course of the past three years, Congress has been much more supportive of the Impact Aid program. County and School staff are of the opinion that this support should continue for the next several years. The balance in the Reserve Fund at the end of Fiscal Year 2000 was approximately \$5.25 million and by the end of Fiscal Year 2001 should reach approximately \$5.5 million. The Fiscal Year 2001 budget includes \$6 million of anticipated Impact Aid revenue. Given the expected stability of the Impact Aid program, the School Division believes this balance should be sufficient to meet the objectives of the reserve agreement.

Resolution R00-117, if adopted, will appropriate funds equal to the Impact Aid receipts in excess of the amount budgeted for Fiscal Year 2000 for transfer to the School Construction Fund and designate funds for the Bruton High School Renovation Project. Please note that the County's independent auditors have not reviewed the amounts reflected above. Staff does not believe any adjustments will be necessary; however, proposed

York County Board of Supervisors

July 5, 2000

Page 2

Resolution R00-117 includes language to authorize the County Administrator to adjust the requested appropriation should the amounts change as a result of the audit.

Please let me know if you have any questions.

McReynolds/3700.ppl

Attachments

- Letter, C. Don Felling to Walter C. Zaremba, dated May 25, 2000
- Proposed Resolution R00-117